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GOVERNOR DEVAL PATRICK HELPS SMALL BUILDING CONTRACTORS COMPETE FOR FEDERAL STIMULUS CONTRACTS

Community Development Finance Corporation to launch a Surety Bond Guarantee Program

BOSTON - Monday, November 09, 2009 - Delivering on the themes of the Patrick-Murray Administration's Economic Summit held in October, Governor Deval Patrick today announced that the Administration is partnering with the Massachusetts Community Development Finance Corporation (CDFC) to help small, minority- and women-owned businesses and contractors bid on and participate in federal stimulus-funded construction projects.

Earlier this year, Governor Patrick filed legislation to implement the federal American Recovery and Reinvestment Act (ARRA). The legislation included a proposal for the Surety Bond Guarantee Program to encourage involvement by minority and women contractors. This program will help qualified small, minority and women contractors secure surety bonds to secure bids and guarantee project completion. Such bonds are required by state construction contracts and can be difficult for small companies to obtain.

"Small, minority-owned and women-owned businesses are the backbone of our economy," said Governor Patrick. "Our collaboration with CDFC relieves what was previously a huge challenge that kept many of these companies from competing for construction contracts. Helping these businesses helps our economy, helps our state - and in this case helps level the playing field."

Under the Surety Bond Guarantee Program, CDFC can guarantee bid, performance and payment bonds up to \$250,000 for these businesses. CDFC's guarantee gives surety bond underwriters an incentive to provide bonding for eligible contractors, enhancing a contractor's ability to obtain bonding, thereby improving access to contracting opportunities. The surety guarantee, an agreement between a surety company and CDFC, provides that CDFC will guarantee up to 90 percent of the risk.

To be eligible for this program a company's average gross revenue for the previous two years must not exceed \$5 million. With better access to bonding, this program will help increase small, minority and women contractor participation on ARRA-funded construction projects.

"I am pleased that the Governor and the Legislature have placed trust in CDFC to administer this important program," said Andres Lopez, President of CDFC. "It is my expectation that we will be able to demonstrate an on-going need for the program such that it will continue beyond the life of ARRA."

Initial funding of the program is \$2 million. The funding comes from a \$10 million capital facilities bond bill passed by the Legislature and signed by Governor Patrick during the last legislative session. The surety bond appropriation is in addition to a \$2 million appropriation from the bond bill to fund CDFC's increasing loan portfolio to small businesses around the state.

"This proposal, developed through the Governor's Federal Stimulus Task Forces, is consistent with the Governor's goal that we develop principles to ensure that all Massachusetts businesses and citizens have the opportunity to benefit from the American Recovery and Reinvestment Act funding," said Administration and Finance Secretary Jay Gonzalez. "This innovative program is a real commitment to that principle and will help give women and minority-owned small businesses a chance to grow their companies."

"If we're going to dig our way out of this economic hole, we can't leave anyone on the sidelines. That means expanding opportunities for women and minority entrepreneurs," said Senator John Kerry. "This program will link qualified small, minority and women contractors with the tools they need to get their businesses off the ground and keep them thriving."

"As Massachusetts continues on the road to economic recovery, it is essential that no one is left behind," said Senator Paul G.

Kirk, Jr. "Governor Patrick's initiative will enable women and minorities who own small businesses to compete on a more level playing field as they apply for federal contracts."

"Our minority neighborhoods and communities have been hit especially hard by the recession and minority and women businesses have been struggling as well. Rebuilding the economy and getting people back to work is job one. As stimulus funds become available, it is important that businesses of all kinds and sizes have access to this critical assistance," Congressman Stephen F. Lynch said.

"I commend the Governor for partnering with the CDFC to ensure these federal dollars are being put to good use," said Congressman John F. Tierney. "We get daily calls in my office from women and minority owned small businesses wanting to know which programs are available to them, and with this program another avenue has opened up to help us continue encouraging their involvement in restarting our economy."

Supporting small businesses is a critical component of Governor Patrick's Massachusetts Recovery Plan, and a key focus area of the Patrick-Murray Administration's Economic summit. The summit was called to ensure a collaborative approach to recovery in the following ways.

- Competing for Competitive Federal Funds - Federal funding presents a significant opportunity to bring new dollars into our Massachusetts economy in both the short and long term.
- Creating Access to Capital & Advice for Small Businesses - Small businesses employ the majority of the Commonwealth's workforce. Ensuring access to capital for growth will pave the way to job creation.
- Clearing the Way for Business Expansion - Addressing issues that create a positive environment for business growth through public private collaboration leads to job retention and job creation.

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